

AMENDED IN ASSEMBLY JUNE 2, 2003
AMENDED IN ASSEMBLY MAY 15, 2003
AMENDED IN ASSEMBLY APRIL 28, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 43

Introduced by Assembly Members Daucher and Cohn

December 2, 2002

An act to amend Sections 14139.05, 14139.1, 14139.11, 14139.13, 14139.2, 14139.21, 14139.24, 14139.25, 14139.3, 14139.31, 14139.33, 14139.34, 14139.38, 14139.4, 14139.41, 14139.43, 14139.44, 14139.5, 14139.53, 14139.6, and 14139.62 of, to amend the heading of Article 4.3 (commencing with Section 14139.05) of Chapter 7 of Part 3 of Division 9 of, to add ~~Section~~ *Sections* 14139.30 and 14139.63 to, to add Article 4.31 (commencing with Section 14139.80) to Chapter 7 of Part 3 of Division 9 of, to repeal Sections 14139.23, 14139.35, 14139.36, and 14139.51 of, and to repeal and add Sections 14139.32, 14139.37, and 14139.42 of, the Welfare and Institutions Code, relating to long-term care.

LEGISLATIVE COUNSEL'S DIGEST

AB 43, as amended, Daucher. Long-Term Care Integration (LTCI) program and pilot project.

The Long-Term Care Integration Pilot Program requires the State Department of Health Services to administer a pilot program that will integrate the financing and administration of long-term care services in up to 5 pilot project sites around the state. Existing law establishes specified goals for the pilot program.

This bill would rename the program as the Long-Term Care Integration (LTCI) program, and establish the LTCI program as an ongoing program. This bill would also revise the goals of the program to include, among other things, specified medical services, and to require the department to coordinate the delivery of medical services, preferably through the integration of Medicare and Medi-Cal funding streams.

This bill would also make various changes to the program, including changes with respect to financing, site requirements, selection criteria for programs, and service requirements for programs. This bill would authorize program sites either to voluntarily enroll eligible beneficiaries in a defined service area and accept capitation based on a per-member-per-month rate, or to mandatorily enroll and serve all eligible beneficiaries in a defined service area.

This bill would also require the department to establish up to 3 pilot projects in ~~up to 3~~ counties that elect to participate, one of which ~~counties~~ *pilot projects* is required to be in San Diego County if that county elects to participate. This bill would permit private entities to implement an LTCI pilot project, as specified, and would model the LTCI pilot project after the LTCI program described above, with certain exceptions, including that this bill would not require that LTCI pilot projects mandatorily enroll and serve all eligible beneficiaries. This bill would also specify as a goal of the LTCI pilot project that Medicare be included as a funding source, rather than that it be funded in the same manner as the LTCI program, which specifies funding by Medi-Cal and Medicare.

This bill would also provide that its provisions are to be implemented only to the extent that funds are appropriated for that purpose in the annual Budget Act or another statute.

This bill would make various conforming, technical, and nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The heading of Article 4.3 (commencing with
- 2 Section 14139.05) of Chapter 7 of Part 3 of Division 9 of the
- 3 Welfare and Institutions Code is amended to read:
- 4

Article 4.3. Long-Term Care Integration Program

SEC. 2. Section 14139.05 of the Welfare and Institutions Code is amended to read:

14139.05. The Legislature finds and declares that:

(a) Long-term care services in California include an uncoordinated array of categorical programs offering medical, social, and other support services that are funded and administered by a variety of federal, state, and local agencies and are replete with gaps, duplication, and little or no emphasis on the specific concerns of individual consumers.

(b) Although the need for a coordinated continuum of long-term care services has long been apparent, numerous obstacles prevent its development, including inflexible and inconsistent funding sources, economic incentives that encourage the placement of consumers in the highest levels of care, lack of coordination between aging, health, and social service agencies at both state and local levels, and inflexible state and federal regulations.

(c) It is both efficient and humane to restructure long-term care services so that duplicative and confusing eligibility criteria, assessments, intake forms, and service limitations will not inhibit consumer satisfaction, impede improvements in consumer health status, and result in the ineffective use of resources.

(d) There is a growing interest in community-directed systems of funding and organizing the broad array of health, support, and community living services needed by persons of all ages with disabilities.

(e) It is in the interest of those in need of long-term care services, and the state as a whole, to develop a long-term care system that provides dignity and maximum independence for the consumer, creates home-based and community-based alternatives to unnecessary out-of-home placement, and is cost effective.

SEC. 3. Section 14139.1 of the Welfare and Institutions Code is amended to read:

14139.1. (a) The Legislature hereby establishes a Long-Term Care Integration (LTCI) program that will integrate the financing and administration of medical, social, and supportive services for individuals with chronic long-term care needs.

(b) It is the intent of the Legislature to support, in each LTCI program site, the development of a model integrated service delivery system that meets the needs of all beneficiaries, both those who live in their own homes and those who are in out-of-home placements, in a humane, appropriate, and cost-effective manner.

SEC. 4. Section 14139.11 of the Welfare and Institutions Code is amended to read:

14139.11. The goals of the LTCI program shall be to do all of the following:

(a) Provide a continuum of medical, social, and supportive services for individuals with chronic long-term care needs that will foster independence and self-reliance, maintain individual dignity, and allow consumers of long-term care services to remain an integral part of their family and community lives.

(b) If out-of-home placement is necessary, to ensure that it is at the appropriate level of care, and to prevent unnecessary utilization of acute care hospitals.

(c) If family caregivers are involved in the long-term care of an individual, to support caregiving arrangements that maximize the family's ongoing relationship with, and care for, that individual.

(d) Deliver services in the least restrictive environment appropriate for the consumer.

(e) Encourage as much self direction as possible by consumers, given their capability and interest, and involve them and their family members as partners in the development and implementation of each LTCI program site.

(f) Identify performance outcomes that will be used to evaluate the appropriateness and quality of the services provided, as well as the efficacy and cost effectiveness of each LTCI program site, including, but not limited to, the use of acute and out-of-home care, consumer satisfaction, the health status of consumers, and the degree of independent living maintained among those served.

(g) Achieve greater efficiencies through consolidated screening and reporting requirements.

(h) Allow each LTCI program site to use existing funding sources in a manner that will meet local need and that is cost effective.

(i) Allow each LTCI program site to determine other services that may be necessary to meet the needs of eligible beneficiaries.

1 (j) Coordinate the delivery of medical services, preferably
2 through the integration of Medicare and Medi-Cal funding
3 streams.

4 SEC. 5. Section 14139.13 of the Welfare and Institutions
5 Code is amended to read:

6 14139.13. (a) Any contract entered into pursuant to this
7 article may be renewed if the LTCI program site continues to meet
8 the requirements of this article and the contract. Failure by the
9 LTCI program site to meet these requirements shall be cause for
10 nonrenewal of the contract. The department has the authority to
11 terminate any LTCI project that does not continue to meet the
12 contractual, enrollment, and program evaluation criteria
13 established by the department. The department may condition
14 renewal of the contract on timely completion of a mutually agreed
15 upon plan of corrections of any deficiencies.

16 (b) The department may terminate or decline to renew a
17 contract, in whole or in part, when the director determines that the
18 action is necessary to protect the health of the beneficiaries or the
19 funds appropriated to the Medi-Cal program. The administrative
20 hearing requirements of Section 14123 do not apply to the
21 nonrenewal or termination of a contract under this article.

22 (c) In order to achieve maximum cost savings, the Legislature
23 hereby determines that an expedited contract process for contracts
24 under this article is necessary. Therefore, contracts under this
25 article shall be exempt from Chapter 2 (commencing with Section
26 10290) of Part 2 of Division 2 of the Public Contract Code.

27 (d) The Director of the Department of Managed Health Care
28 shall, at the director's request, immediately grant an exemption
29 from Chapter 2.2 (commencing with Section 1340) of Division 2
30 of the Health and Safety Code for purposes of carrying out any
31 contract entered into pursuant to this article.

32 SEC. 6. Section 14139.2 of the Welfare and Institutions Code
33 is amended to read:

34 14139.2. The department shall serve as the lead agency for the
35 administration of this article. The department's responsibilities
36 shall include, but are not limited to, all of the following:

37 (a) Development of criteria for the selection of LTCI program
38 sites.

39 (b) Selection of the LTCI program sites to participate in the
40 LTCI program.

1 (c) Providing, or arranging for, technical assistance to
2 participating LTCI program sites.

3 (d) Development of specific performance outcome measures
4 by which the LTCI program can be evaluated.

5 (e) Development of standards for complying with reporting
6 requirements specified in state law for the programs implemented
7 pursuant to this article. The standards developed pursuant to this
8 subdivision shall apply in lieu of any existing reporting obligations
9 for the programs. The existing individual reporting requirements
10 for programs implemented pursuant to this article shall be deemed
11 to have been met through the reports required by this section.
12 Existing requirements for reports to the Office of Statewide Health
13 Planning and Development shall not be eliminated.

14 (f) Setting a payment rate consistent with Section 14139.5.

15 (g) Approval or disapproval of administrative action plans
16 described in Section 14139.3.

17 SEC. 7. Section 14139.21 of the Welfare and Institutions
18 Code is amended to read:

19 14139.21. The department may accept funding from federal
20 agencies, foundations, or other nongovernmental sources, and
21 may contract with qualified consultants to assist with the provision
22 of technical assistance, the development of data collection,
23 reporting, and analysis systems, or any other purposes that further
24 the goals of the LTCI program. The department shall not accept
25 funds from any entity that stands to gain financially from
26 implementation of the LTCI program. In contracting with
27 consultants to assist with the LTCI program, the department shall
28 specify timelines and delivery dates so as to ensure the continued
29 implementation of the LTCI program.

30 SEC. 8. Section 14139.23 of the Welfare and Institutions
31 Code is repealed.

32 SEC. 9. Section 14139.24 of the Welfare and Institutions
33 Code is amended to read:

34 14139.24. The department shall seek all federal medicaid
35 waivers necessary to allow for federal financial participation in the
36 LTCI program implemented pursuant to this article.

37 SEC. 10. Section 14139.25 of the Welfare and Institutions
38 Code is amended to read:

39 14139.25. Notwithstanding any other provision of this article,
40 direct service costs to the Medi-Cal program shall not exceed the

1 amount that would have been expended in the absence of the LTCI
2 program.

3 SEC. 11. Section 14139.3 of the Welfare and Institutions
4 Code is amended to read:

5 14139.3. (a) Each selected LTCI program site shall develop
6 and provide to the department an administrative action plan that
7 shall include, but is not limited to, all of the following:

8 (1) A complete description of the covered scope of services and
9 programs to be implemented.

10 (2) A complete description of the service delivery system and
11 how it will improve system efficiency and enhance service quality
12 for individuals with chronic long-term care needs. The service
13 delivery system shall include a description of home-based and
14 community-based services that encourage the use of the least
15 restrictive environment in which beneficiaries can receive
16 appropriate care.

17 (3) Demonstration of a willingness and commitment by the
18 LTCI program site to work with local community groups,
19 providers, and consumers to obtain their input.

20 (4) Proposed measurable performance outcomes that the LTCI
21 program site is designed to achieve.

22 (5) A description of the expected impact on current program
23 services to Medi-Cal eligible beneficiaries included in the LTCI
24 program at that site.

25 (6) Assurance of minimal disruption to individual clients with
26 chronic long-term care needs during the phase-in of the LTCI
27 program at that site.

28 (7) Reasonable assurance that services provided will be
29 responsive to the religious, cultural, and language needs of
30 beneficiaries.

31 (8) Assurances that providers who serve the needs of special
32 populations, such as religious and cultural groups or residents of
33 multilevel facilities as defined in paragraph (9) of subdivision (d)
34 of Section 15432 of the Government Code and community care
35 retirement communities as defined in paragraph (11) of
36 subdivision (c) of Section 1771 of the Health and Safety Code, will
37 be able to continue to serve those persons when willing to contract
38 under the same terms and conditions as similar providers.

1 (9) Specific alternative concepts, requirements, staffing
2 patterns, or methods for providing services under the LTCI
3 program at that site.

4 (10) A process to assure that Medi-Cal dollars are
5 appropriately expended in accordance with state and federal
6 requirements that pertain to the LTCI program.

7 (11) A description of how the LTCI program site will maintain
8 adequate fiscal control and ensure quality of care for beneficiaries.

9 (12) A description of how the LTCI program site will
10 coordinate, relate to, or integrate with existing Medi-Cal managed
11 care plans, local managed care plans, and other organizations that
12 provide services that are not part of the LTCI program.

13 (13) A proposed timeline for planning and startup of the LTCI
14 program site.

15 (14) Demonstration of the financial viability of the plan.

16 (15) A description of the method and timeline used to include
17 covered services through Medicare capitation.

18 (b) The administrative action plan shall describe how and when
19 the LTCI program will cover dual eligibles and integrate Medicare
20 funding into the program. If necessary, the department shall seek
21 or support an application for a Medicare waiver to allow an LTCI
22 program site to include Medicare funds, if the department
23 determines that the application meets department requirements.

24 SEC. 12. Section 14139.30 is added to the Welfare and
25 Institutions Code, to read:

26 14139.30. (a) LTCI programs shall be public agencies,
27 public entities, local Medi-Cal managed care initiatives, or county
28 organized health systems.

29 (b) Nothing shall preclude entities specified in subdivision (a)
30 from contracting with private entities for the provision of LTCI
31 services.

32 (c) Each LTCI administrative action plan shall receive the
33 approval of the county board of supervisors before it is submitted
34 to the department for final state approval.

35 SEC. 13. Section 14139.31 of the Welfare and Institutions
36 Code is amended to read:

37 14139.31. In order to be selected, an LTCI program site shall
38 demonstrate that it will have, prior to program implementation, an
39 active advisory committee that includes consumers of long-term
40 care services, representatives of local organizations of persons

1 with disabilities, seniors, representatives of local senior
2 organizations, representatives of employees who deliver direct
3 long-term care services, and representatives of organizations that
4 provide long-term care services. At least one-half of the members
5 of the advisory committee must be consumers of services provided
6 under this article, or their representatives.

7 SEC. 14. Section 14139.32 of the Welfare and Institutions
8 Code is repealed.

9 SEC. 15. Section 14139.32 is added to the Welfare and
10 Institutions Code, to read:

11 14139.32. (a) LTCI program sites may choose to do either,
12 but not both, of the following:

13 (1) Voluntarily enroll eligible beneficiaries in a defined service
14 area and accept capitation based on a per-member-per-month rate.

15 (2) Mandatorily enroll and serve all eligible beneficiaries in a
16 defined service area and accept capitation based on a
17 per-member-per-month rate.

18 (b) In addition to funds received as capitation payments for
19 providing the full continuum of Medi-Cal services, a consolidated
20 long-term care services fund may include funds from other
21 programs or services that would be appropriate for an LTCI
22 program site.

23 SEC. 16. Section 14139.33 of the Welfare and Institutions
24 Code is amended to read:

25 14139.33. (a) The administrative action plan shall delineate
26 the services to be provided to all eligible beneficiaries. At a
27 minimum, services to be provided by each LTCI program site shall
28 include all of the following:

29 (1) Care or case management, including assessment,
30 development of a service plan in conjunction with the consumer
31 and other appropriate parties, authorization and arrangement for
32 purchase of services or linkages with other appropriate entities,
33 service coordination activities, and followup to determine whether
34 the services received were appropriate and consistent with the
35 service plan. Service coordination activities shall ensure that the
36 records of each beneficiary are maintained in a consistent and
37 complete manner and are accessible to the beneficiary or his or her
38 family and to providers involved in his or her care. This shall be
39 the case whether a beneficiary resides in his or her own home or
40 in a licensed facility.

(2) Education of beneficiaries, their families, and others in their informal support network, including independent living skills training to maximize the independence of the beneficiary.

(3) The full continuum of medical, social, and supportive services to all enrolled LTCI beneficiaries.

(b) Recognizing the fact that some LTCI models may rely on voluntary Medicare enrollment, the administrative action plan shall include the manner in which the Medicare benefit will be integrated or coordinated.

SEC. 17. Section 14139.34 of the Welfare and Institutions Code is amended to read:

14139.34. The administrative action plan may also include any of the following services:

(a) Transportation.

(b) Home modification.

(c) Housing and residential services.

(d) Other services determined by the LTCI program site to be necessary to meet the needs of eligible beneficiaries.

SEC. 18. Section 14139.35 of the Welfare and Institutions Code is repealed.

SEC. 19. Section 14139.36 of the Welfare and Institutions Code is repealed.

SEC. 20. Section 14139.37 of the Welfare and Institutions Code is repealed.

SEC. 21. Section 14139.37 is added to the Welfare and Institutions Code, to read:

14139.37. (a) LTCI program sites that serve all eligible beneficiaries in a defined service area and pool funds pursuant to Section 14139.32 shall establish a consolidated long-term care services fund that shall accommodate state and federal fiscal and auditing requirements, shall be used solely for the purposes described in this article, and shall not be used for any county pooled investment fund. The administrative action plan shall identify the funds to be transferred into a consolidated long-term care services fund and shall delineate specifically how the pooled funds will be used to deliver services to all eligible recipients in the geographic area covered by the LTCI program site.

(b) LTCI program sites may identify a local entity that may be either a governmental entity, a public agency, a public entity, or a not-for-profit agency to administer the fund. The local entity may

1 be one that already exists, or may be established for the express
2 purpose of administering the fund. A public agency operating an
3 LTCI program shall be designated as an LTCI program site and
4 shall contract with the department to carry out this article.

5 SEC. 22. Section 14139.38 of the Welfare and Institutions
6 Code is amended to read:

7 14139.38. Participating counties that choose mandatory
8 enrollment shall continue their financial maintenance of effort for
9 each of the LTCI programs integrated within the program under
10 this article. The amount of a county's maintenance of effort shall
11 be the same as if the program were not integrated within the LTCI
12 program pursuant to this article, and funds equal to this amount
13 shall be deposited in the local consolidated long-term care services
14 fund.

15 SEC. 23. Section 14139.4 of the Welfare and Institutions
16 Code is amended to read:

17 14139.4. (a) The LTCI program site shall be responsible and
18 at risk for implementing the administrative action plan. The LTCI
19 program site shall do all of the following:

20 (1) Respond, or provide for response to, consumer needs on a
21 24-hour, seven-day-a-week basis.

22 (2) Conduct comprehensive assessments.

23 (3) Determine beneficiary eligibility for LTCI enrollment and
24 services based on the assessment information.

25 (4) Provide for contractual arrangements for the provision of,
26 and payment for, sufficient services to meet the medical, social,
27 and supportive needs, including the long-term care needs, of the
28 eligible beneficiary in his or her home, community, residential
29 facility, nursing facility, or other location.

30 (5) Provide for coordination of care across all levels of care.

31 (6) Maintain control over utilization of services that are
32 authorized.

33 (7) Monitor the quality of care provided to consumers.

34 (8) Maintain a consumer grievance process.

35 (9) Manage the overall cost-effectiveness of the LTCI program
36 site for its duration.

37 (b) Services may be provided through contracts with
38 community-based providers. In instances in which a specific
39 service does not exist in the community, the LTCI program site
40 may facilitate the development of local programs that provide

1 these services, or it may provide the services directly if doing so
2 can be demonstrated to be cost effective.

3 SEC. 24. Section 14139.41 of the Welfare and Institutions
4 Code is amended to read:

5 14139.41. (a) For purposes of this article, “eligible
6 beneficiaries” shall be defined as persons meeting both of the
7 following criteria:

8 (1) Are Medi-Cal eligible and aged, blind, or disabled, or, at the
9 sole discretion of the department, a subset of this group.

10 (2) Are adults.

11 (b) LTCI program sites may limit enrollment to specific
12 populations of individuals who have chronic long-term care needs.
13 The administrative action plan shall describe the target population
14 to be served.

15 SEC. 25. Section 14139.42 of the Welfare and Institutions
16 Code is repealed.

17 SEC. 26. Section 14139.42 is added to the Welfare and
18 Institutions Code, to read:

19 14139.42. (a) If an LTCI program site elects to enroll
20 individuals on a voluntary basis, the program must serve all
21 individuals who enroll in the program who meet the description of
22 the target population outlined in the administrative action plan.

23 (b) LTCI program site marketing efforts shall be consistent
24 with departmental requirements.

25 SEC. 27. Section 14139.43 of the Welfare and Institutions
26 Code is amended to read:

27 14139.43. This article shall not preclude an LTCI program
28 site from entering into additional agreements, separate from the
29 LTCI program, to serve additional individuals or populations.

30 SEC. 28. Section 14139.44 of the Welfare and Institutions
31 Code is amended to read:

32 14139.44. LTCI program sites shall ensure provider
33 reimbursement rates that are adequate to maintain compliance
34 with applicable federal and state requirements.

35 SEC. 29. Section 14139.5 of the Welfare and Institutions
36 Code is amended to read:

37 14139.5. (a) The department shall set a capitated rate of
38 payment that is actuarially sound and that is based on the number
39 of beneficiaries who are eligible for Medi-Cal benefits to be
40 enrolled in the LTCI program, the mix of provided services and

1 programs being implemented, and past Medi-Cal expenditures for
2 services. The rate shall reflect, and the contract shall delineate, the
3 rate at which the LTCI program site shall assume risk and the
4 mechanisms that shall be used, which may include, but are not
5 limited to, risk corridors, reinsurance, or alternative methods of
6 risk assumption.

7 (b) The rates for the LTCI program sites shall be developed
8 separately from, and in addition to, other Medi-Cal managed care
9 programs operated by counties, and shall be exclusive of, and
10 separate from, the contracting process conducted by the California
11 Medical Assistance Commission.

12 (c) Rates for the LTCI program may be developed in relation
13 to the health care cost experience of a defined geographic region.

14 SEC. 30. Section 14139.51 of the Welfare and Institutions
15 Code is repealed.

16 SEC. 31. Section 14139.53 of the Welfare and Institutions
17 Code is amended to read:

18 14139.53. (a) The department shall develop criteria to ensure
19 that LTCI program sites maintain fiscal solvency, including, but
20 not limited to, the following:

21 (1) The capability to achieve and maintain sufficient fiscal
22 tangible net equity within a timeframe to be specified by the
23 department for each LTCI program site.

24 (2) The capability to maintain prompt and timely provider
25 payments.

26 (3) A management information system that is approved by the
27 department and is capable of meeting the requirements of the LTCI
28 program.

29 (b) Any LTCI program site established under this article shall
30 immediately notify the department in writing of any fact or facts
31 that are likely to result in the LTCI program site being unable to
32 meet its financial obligations. The written notice shall describe the
33 fact or facts, the anticipated financial consequences, and the
34 actions that will be taken to address the anticipated consequences,
35 and shall be made available upon request unless otherwise
36 prohibited by law.

37 SEC. 32. Section 14139.6 of the Welfare and Institutions
38 Code is amended to read:

1 14139.6. The department may establish a two-stage selection
2 process in which LTCI program sites may be selected on a
3 preliminary basis.

4 (a) Final selection of LTCI program sites shall be based on the
5 completion of an administrative action plan that the department
6 determines satisfactorily meets the selection criteria.

7 (b) LTCI program sites may, upon approval by the department,
8 be allowed to include in the administrative action plan a phase in
9 plan for specified funding sources, populations, and services, that
10 shall be provided to eligible beneficiaries.

11 SEC. 33. Section 14139.62 of the Welfare and Institutions
12 Code is amended to read:

13 14139.62. Contingent on the availability of funding, the
14 department shall evaluate the effectiveness of each LTCI program
15 site on a schedule that coincides with federal waiver reporting
16 requirements, and shall make this information available upon
17 request. The department's evaluation shall include, but not be
18 limited to, all of the following:

19 (a) Whether or not the LTCI program site has reduced the
20 fragmentation of, and improved the coordination of, the long-term
21 care delivery system in the LTCI program site area.

22 (b) Whether or not the long-term care delivery system is more
23 efficient and makes better use of available resources.

24 (c) Whether or not the goals identified in Section 14139.11
25 have been met.

26 SEC. 34. *Section 14139.63 is added to the Welfare and*
27 *Institutions Code, to read:*

28 *14139.63. This article shall be implemented only to the extent*
29 *that funds are appropriated for the purposes of this article in the*
30 *annual Budget Act or another statute.*

31 SEC. 35. Article 4.31 (commencing with Section 14139.80)
32 is added to Chapter 7 of Part 3 of Division 9 of the Welfare and
33 Institutions Code, to read:

34
35 Article 4.31. Private Entity Pilot Projects
36

37 14139.80. The department shall establish up to three pilot
38 projects in counties that elect to participate, that permit private
39 entities to implement an LTCI pilot project consistent with the
40 requirements of Article 4.3 (commencing with Section 14139.05).

1 One of those pilot projects shall be in San Diego County, provided
2 that that county elects to participate.

3 14139.801. The goals of the LTCI pilot project shall be to do
4 all of the following:

5 (a) Provide a continuum of medical, social, and supportive
6 services for individuals with chronic long-term care needs that will
7 foster independence and self-reliance, maintain individual dignity,
8 and allow consumers of long-term care services to remain an
9 integral part of their family and community lives.

10 (b) If out-of-home placement is necessary, to ensure that it is at
11 the appropriate level of care, and to prevent unnecessary
12 utilization of acute care hospitals.

13 (c) If family caregivers are involved in the long-term care of an
14 individual, to support caregiving arrangements that maximize the
15 family's ongoing relationship with, and care for, that individual.

16 (d) Deliver services in the least restrictive environment
17 appropriate for the consumer.

18 (e) Encourage as much self direction as possible by consumers,
19 given their capability and interest, and involve them and their
20 family members as partners in the development and
21 implementation of each LTCI pilot program site.

22 (f) Identify performance outcomes that will be used to evaluate
23 the appropriateness and quality of the services provided, as well
24 as the efficacy and cost effectiveness of each LTCI pilot program
25 site, including, but not limited to, the use of acute and out-of-home
26 care, consumer satisfaction, the health status of consumers, and the
27 degree of independent living maintained among those served.

28 (g) Achieve greater efficiencies through consolidated
29 screening and reporting requirements.

30 (h) Allow each LTCI pilot program site to use existing funding
31 sources in a manner that will meet local need and that is cost
32 effective.

33 (i) Allow each LTCI pilot program site to determine other
34 services that may be necessary to meet the needs of eligible
35 beneficiaries.

36 (j) Include Medicare as a funding resource.

37 14139.802. (a) Any contract entered into pursuant to this
38 article may be renewed if the LTCI pilot program site continues to
39 meet the requirements of this article and the contract. Failure by
40 the LTCI pilot program site to meet these requirements shall be

1 cause for nonrenewal of the contract. The department has the
2 authority to terminate any LTCI pilot program that does not
3 continue to meet the contractual, enrollment, and program
4 evaluation criteria established by the department. The department
5 may condition renewal of the contract on timely completion of a
6 mutually agreed upon plan of corrections of any deficiencies.

7 (b) The department may terminate or decline to renew a
8 contract, in whole or in part, when the director determines that the
9 action is necessary to protect the health of the beneficiaries or the
10 funds appropriated to the Medi-Cal program. The administrative
11 hearing requirements of Section 14123 do not apply to the
12 nonrenewal or termination of a contract under this article.

13 (c) In order to achieve maximum cost savings, the Legislature
14 hereby determines that an expedited contract process for contracts
15 under this article is necessary. Therefore, contracts under this
16 article shall be exempt from Chapter 2 (commencing with Section
17 10290) of Part 2 of Division 2 of the Public Contract Code.

18 (d) The Director of the Department of Managed Health Care
19 shall, at the director's request, immediately grant an exemption
20 from Chapter 2.2 (commencing with Section 1340) of Division 2
21 of the Health and Safety Code for purposes of carrying out any
22 contract entered into pursuant to this article.

23 14139.803. The department shall serve as the lead agency for
24 the administration of this article. The department's responsibilities
25 shall include, but are not limited to, all of the following:

26 (a) Development of criteria for the selection of LTCI pilot
27 program sites.

28 (b) Selection of the LTCI pilot program sites to participate in
29 the LTCI pilot project.

30 (c) Development of specific performance outcome measures
31 by which the LTCI pilot project and LTCI pilot program sites can
32 be evaluated.

33 (d) Development of standards for complying with reporting
34 requirements specified in state law for the programs implemented
35 pursuant to this article. The standards developed pursuant to this
36 subdivision shall apply in lieu of any other reporting obligations
37 for the programs. Any other individual reporting requirements for
38 programs implemented pursuant to this article shall be deemed to
39 have been met through the reports required by this section.
40 However, notwithstanding the foregoing, requirements for reports

1 to the Office of Statewide Health Planning and Development shall
2 not be eliminated.

3 (e) Setting a payment rate consistent with Section 14139.5.

4 (f) Approval or disapproval of administrative action plans
5 described in Section 14139.3.

6 14139.804. The department may accept funding from federal
7 agencies, foundations, or other nongovernmental sources, and
8 may contract with qualified consultants to assist with the provision
9 of technical assistance, the development of data collection,
10 reporting, and analysis systems, or any other purposes that further
11 the goals of the LTCI pilot project. The department shall not accept
12 funds from any entity that stands to gain financially from
13 implementation of the LTCI pilot project. In contracting with
14 consultants to assist with the LTCI pilot project, the department
15 shall specify timelines and delivery dates so as to ensure the
16 continued implementation of the LTCI pilot project.

17 14139.805. The department shall seek all federal medicaid
18 waivers necessary to allow for federal financial participation in the
19 LTCI pilot project implemented pursuant to this article.

20 14139.806. Notwithstanding any other provision of this
21 article, direct source costs to the Medi-Cal program shall not
22 exceed the amount that would have been expended in the absence
23 of the LTCI pilot project.

24 14139.807. (a) Each selected LTCI pilot program site shall
25 develop and provide to the department an administrative action
26 plan that shall include, but is not limited to, all of the following:

27 (1) A complete description of the covered scope of services and
28 programs to be implemented.

29 (2) A complete description of the service delivery system and
30 how it will improve system efficiency and enhance service quality
31 for individuals with chronic long-term care needs. The service
32 delivery system shall include a description of home-based and
33 community-based services that encourage the use of the least
34 restrictive environment in which beneficiaries can receive
35 appropriate care.

36 (3) Demonstration of a willingness and commitment by the
37 LTCI pilot program site to work with local community groups,
38 providers, and consumers to obtain their input.

39 (4) Proposed measurable performance outcomes that the LTCI
40 program site is designed to achieve.

1 (5) A description of the expected impact on current program
2 services to Medi-Cal eligible beneficiaries included in the LTCI
3 pilot program at that site.

4 (6) Assurance of minimal disruption to individual clients with
5 chronic long-term care needs during the phase-in of the LTCI pilot
6 program at that site.

7 (7) Reasonable assurance that services provided will be
8 responsive to the religious, cultural, and language needs of
9 beneficiaries.

10 (8) Assurances that providers who serve the needs of special
11 populations, such as religious and cultural groups or residents of
12 multilevel facilities as defined in paragraph (9) of subdivision (d)
13 of Section 15432 of the Government Code and continuing care
14 retirement communities as defined in paragraph (11) of
15 subdivision (c) of Section 1771 of the Health and Safety Code, will
16 be able to continue to serve those persons when willing to contract
17 under the same terms and conditions as similar providers.

18 (9) Specific alternative concepts, requirements, staffing
19 patterns, or methods for providing services under the LTCI pilot
20 program at that site.

21 (10) A process to ensure that Medi-Cal dollars are
22 appropriately expended in accordance with state and federal
23 requirements that pertain to the LTCI pilot project.

24 (11) A description of how the LTCI pilot program site will
25 maintain adequate fiscal control and ensure quality of care for
26 beneficiaries.

27 (12) A description of how the LTCI pilot program site will
28 coordinate, relate to, or integrate with existing Medi-Cal managed
29 care plans, local managed care plans, and other organizations that
30 provide services that are not part of the LTCI pilot program.

31 (13) A proposed timeline for planning and startup of the LTCI
32 pilot program site.

33 (14) Demonstration of the financial viability of the plan.

34 (15) A description of the method and timeline used to include
35 covered services through Medicare capitation.

36 (b) The administrative action plan shall describe how and when
37 the LTCI pilot program will cover dual eligibles and integrate
38 Medicare funding into the program. If necessary, the department
39 shall seek or support an application for a Medicare waiver to allow
40 an LTCI pilot program site to include Medicare funds, if the

1 department determines that the application meets department
2 requirements.

3 14139.808. In order to be selected, an LTCI pilot program site
4 shall demonstrate that it will have, prior to program
5 implementation, an active advisory committee that includes
6 consumers of long-term care services, representatives of local
7 organizations of persons with disabilities, seniors, representatives
8 of local senior organizations, representatives of employees who
9 deliver direct long-term care services, and representatives of
10 organizations that provide long-term care services. At least
11 one-half of the members of the advisory committee shall be
12 consumers of services provided under this article, or their
13 representatives.

14 14139.809. LTCI pilot program sites shall voluntarily enroll
15 eligible beneficiaries in a defined service area and accept
16 capitation based on a per-member-per-month rate.

17 14139.810. (a) The administrative action plan shall delineate
18 the services to be provided to all eligible beneficiaries. At a
19 minimum, services to be provided by each LTCI pilot program site
20 shall include all of the following:

21 (1) Care or case management, including assessment,
22 development of a service plan in conjunction with the consumer
23 and other appropriate parties, authorization and arrangement for
24 purchase of services or linkages with other appropriate entities,
25 service coordination activities, and followup to determine whether
26 the services received were appropriate and consistent with the
27 service plan. Service coordination activities shall ensure that the
28 records of each beneficiary are maintained in a consistent and
29 complete manner and are accessible to the beneficiary or his or her
30 family and to providers involved in his or her care. This shall be
31 the case whether a beneficiary resides in his or her own home or
32 in a licensed facility.

33 (2) Education of beneficiaries, their families, and others in
34 their informal support network, including independent living
35 skills training to maximize the independence of the beneficiary.

36 (3) The full continuum of medical, social, and supportive
37 services to all enrolled LTCI pilot program beneficiaries.

38 (b) Recognizing the fact that some LTCI models may rely on
39 voluntary Medicare enrollment, the administrative action plan

1 shall include the manner in which the Medicare benefit will be
2 integrated or coordinated.

3 14139.811. The administrative action plan may also include
4 any of the following services:

5 (a) Transportation.

6 (b) Home modification.

7 (c) Housing and residential services.

8 (d) Other services determined by the LTCI pilot program site
9 to be necessary to meet the needs of eligible beneficiaries.

10 14139.812. (a) The LTCI pilot program site shall be
11 responsible and at risk for implementing the administrative action
12 plan. The LTCI pilot program site shall do all of the following:

13 (1) Respond, or provide for response to, consumer needs on a
14 24-hour, seven-day-a-week basis.

15 (2) Conduct comprehensive assessments.

16 (3) Determine beneficiary eligibility for LTCI pilot program
17 enrollment and services based on the assessment information.

18 (4) Provide for contractual arrangements for the provision of,
19 and payment for, sufficient services to meet the medical, social,
20 and supportive needs, including the long-term care needs, of the
21 eligible beneficiary in his or her home, community, residential
22 facility, nursing facility, or other location.

23 (5) Provide for coordination of care across all levels of care.

24 (6) Maintain control over utilization of services that are
25 authorized.

26 (7) Monitor the quality of care provided to consumers.

27 (8) Maintain a consumer grievance process.

28 (9) Manage the overall cost-effectiveness of the LTCI pilot
29 program site for its duration.

30 (b) Services may be provided through contracts with
31 community-based providers. In instances in which a specific
32 service does not exist in the community, the LTCI pilot program
33 site may facilitate the development of local programs that provide
34 these services, or it may provide the services directly if doing so
35 can be demonstrated to be cost effective.

36 14139.813. (a) For purposes of this article, “eligible
37 beneficiaries” shall be defined as persons meeting both of the
38 following criteria:

39 (1) Are Medi-Cal eligible and aged, blind, or disabled, or, at the
40 sole discretion of the department, a subset of this group.

1 (2) Are adults.

2 (b) LTCI pilot program sites may limit enrollment to specific
3 populations of individuals who have chronic long-term care needs.
4 The administrative action plan shall describe the target population
5 to be served.

6 14139.814. (a) The LTCI pilot program shall serve all
7 individuals who enroll in the program who meet the description of
8 the target population outlined in the administrative action plan.

9 (b) LTCI pilot program site marketing efforts shall be
10 consistent with departmental requirements.

11 14139.815. This article shall not preclude an LTCI pilot
12 program site from entering into additional agreements, separate
13 from the LTCI pilot project, to serve additional individuals or
14 populations.

15 14139.816. LTCI pilot program sites shall ensure provider
16 reimbursement rates that are adequate to maintain compliance
17 with applicable federal and state requirements.

18 14139.817. (a) The department shall set a capitated rate of
19 payment that is actuarially sound and that is based on the number
20 of beneficiaries who are eligible for Medi-Cal benefits to be
21 enrolled in the LTCI pilot project, the mix of provided services and
22 programs being implemented, and past Medi-Cal expenditures for
23 services. The rate shall reflect, and the contract shall delineate, the
24 rate at which the LTCI pilot program site shall assume risk and the
25 mechanisms that shall be used, which may include, but are not
26 limited to, risk corridors, reinsurance, or alternative methods of
27 risk assumption.

28 (b) Rates for the LTCI pilot project may be developed in
29 relation to the health care cost experience of a defined geographic
30 region.

31 14139.818. (a) The department shall develop criteria to
32 ensure that LTCI pilot program sites maintain fiscal solvency,
33 including, but not limited to, the following:

34 (1) The capability to achieve and maintain sufficient fiscal
35 tangible net equity within a timeframe to be specified by the
36 department for each LTCI pilot program site.

37 (2) The capability to maintain prompt and timely provider
38 payments.

1 (3) A management information system that is approved by the
2 department and is capable of meeting the requirements of the LTCI
3 pilot program.

4 (b) Any LTCI pilot program site established under this article
5 shall immediately notify the department in writing of any facts that
6 are likely to result in the LTCI pilot program site being unable to
7 meet its financial obligations. The written notice shall describe the
8 facts, the anticipated financial consequences, and the actions that
9 will be taken to address the anticipated consequences, and shall be
10 made available upon request unless otherwise prohibited by law.

11 14139.819. (a) The department may establish a two-stage
12 selection process in which LTCI pilot program sites may be
13 selected on a preliminary basis. Initial LTCI pilot program sites
14 shall be selected through a competitive bidding process, and
15 contracts with those LTCI pilot program sites may be subsequently
16 renewed consistent with Section 14139.802.

17 (b) Final selection of LTCI pilot program sites shall be based
18 on the completion of an administrative action plan that the
19 department determines satisfactorily meets the selection criteria.

20 (c) LTCI pilot program sites may, upon approval by the
21 department, be allowed to include in the administrative action plan
22 a phasein plan for specified funding sources, populations, and
23 services, that shall be provided to eligible beneficiaries.

24 14139.820. Contingent on the availability of funding, the
25 department shall evaluate the effectiveness of each LTCI pilot
26 program site on a schedule that coincides with federal waiver
27 reporting requirements, and shall make this information available
28 upon request. The department's evaluation shall include, but not
29 be limited to, all of the following:

30 (a) Whether or not the LTCI pilot program site has reduced the
31 fragmentation of, and improved the coordination of, the long-term
32 care delivery system in the LTCI pilot program site area.

33 (b) Whether or not the long-term care delivery system is more
34 efficient and makes better use of available resources.

35 (c) Whether or not the goals identified in Section 14139.801
36 have been met.



1 14139.821. *This article shall be implemented only to the*
2 *extent that funds are appropriated for the purposes of this article*
3 *in the annual Budget Act or another statute.*

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